

Message Text

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SUBJECT: COMMERCIAL FINANCING FACILITY (CFF) IN NIGERIA

1. SINCE ITS INCEPTION, EXIMBANK'S CFF HAS PROVED TO BE AN ATTRACTIVE FINANCING PROGRAM IN MANY COUNTRIES. THE LOW FIXED INTEREST RATE OFFERED TO BANKS AND THE SPEED AND FLEXIBILITY OF THE PROGRAM HAVE FACILITATED FINANCING OF CAPITAL GOODS EXPORTS FROM THE U.S. TO OVER THIRTY FOREIGN COUNTRIES.

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2. A RECENT REVIEW OF THE CFF IN NIGERIA REFLECTS LIMITED USE OF THIS FINANCING PROGRAM. RESTRICTIONS IMPOSED IN MID-1976, INCLUDING FUNDING LIMITATIONS ON OUR PART AND ELIMINATION OF THE GUARANTEE PROVISION MAY HAVE ATTRIBUTED TO THIS LACK OF USE. SUBSTANTIAL CHANGES HAVE BEEN MADE IN THIS PROGRAM IN RECENT MONTHS WHICH CONSIDERABLY ENHANCE THE POTENTIAL OF THIS FACILITY. FOR EXAMPLE, THE INTEREST RATE ON EXIMBANK'S FUNDS HAS BEEN REDUCED FROM

8 PERCENT FIXED TO 7.75 PERCENT FIXED. THE FORMER TRANS-ACTION LIMIT OF U.S. DOLS 500,000 AND THE U.S. DOLS ONE MILLION PER BUYER AGGREGATE CONTRACT LIMIT HAVE BEEN ELIMINATED.

3. TWO INSTITUTIONS IN NIGERIA HAVE PREVIOUSLY EXPRESSED INTEREST IN THIS FINANCING PROGRAM. ONE IS THE UNITED BANK FOR AFRICA LTD. WHICH WAS EXTENDED A CFF OF U.S. DOLS 2.7 MILLION IN 1974. THE OTHER IS THE NEW NIGERIAN DEVELOPMENT COMPANY LTD. WHICH HAS EXPRESSED INTEREST IN THIS PROGRAM SEVERAL TIMES.

4. WE ARE WRITING TO BOTH TO ENCOURAGE INTEREST IN THIS PROGRAM AS A MEANS OF OFFERING U.S. FINANCING IN NIGERIA FOR PURCHASES OF U.S. EQUIPMENT. WE WOULD APPRECIATE YOUR EFFORTS IN FOLLOWING UP THIS EFFORT TO MAKE THE CFF AVAILABLE IN NIGERIA. VANCE

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